



Rochester, Minnesota Market-Based Downtown Plan

Part I: Competitive Analysis

July, 2004

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I. Plan Overview and Objectives



Downtown Rochester, situated along the Zumbro River, is the historic government and cultural “heart” of the City of Rochester. It is also a long-time home to the Mayo Clinic, a significant economic engine generating more than one million annual visitations and the majority of downtown’s 30,000 employees. Other major downtown attractions include the City/County government center, public library, civic events center and a variety of finance and professional service businesses, independent retailers and restaurants.

In 2004, as the city celebrates its sesquicentennial year, the state of Downtown is on the minds of many Rochester citizens. Community interest in improving downtown has been guided by the city-appointed Downtown Task Force. To advance and focus the downtown development process, the Task Force recommended that the City of Rochester retain the consulting team of Progressive Urban Management Associates and Ray Real Estate Services to prepare a Market-Based Downtown Plan. Objectives of the Plan include:

- ❖ Undertake a competitive analysis and develop a niche strategy that identifies market-driven opportunities to collaboratively improve, manage and sustain the downtown Rochester business district.
- ❖ Identify new business and development opportunities (including housing) to improve downtown’s attraction as a destination and in a manner that enhances its existing character and sense of place.
- ❖ Create a distinct identity that strengthens downtown as a unique niche destination within the regional marketplace.
- ❖ Strengthen and better coordinate organizational marketing, business development and management programs to capitalize on identified market opportunities.
- ❖ Engage downtown Rochester property owners, businesses, and civic leaders in a participatory process that builds “ownership” in and a shared vision for future development, collaborative marketing initiatives and improvements.

The final product of this process will include three documents:

- ❖ **Part I Competitive Analysis**, including an up-to-date economic profile, competition and retail analysis, community attitude survey with more than 1,800 responses, the results from stakeholder interviews and roundtables and conclusions for downtown and its position in the Rochester marketplace in 2004.
- ❖ **Part II Niche and Development Strategies**, providing an overall niche strategy for downtown Rochester with guidelines for future development in several downtown “sub-districts”.
- ❖ **Part III Implementation Recommendations**, offering suggestions for economic development, environmental improvements, marketing tactics, policies and incentives, and organization and financing, including recommended sequencing, estimated costs and resources.

II. Economic Profile

Background. Rochester was founded near the Zumbro River in 1854, and officially incorporated in 1858 with a population of 1,400 wagon train settlers. The town was named after a pioneer's hometown of Rochester, New York. In 2004, as the city celebrates its sesquicentennial, it is renowned as home to the Mayo Clinic, as a technology, government and agricultural center, and a city of such favorable charms and amenities that it has been repeatedly recognized by Money Magazine as 'the best place to live in America'.

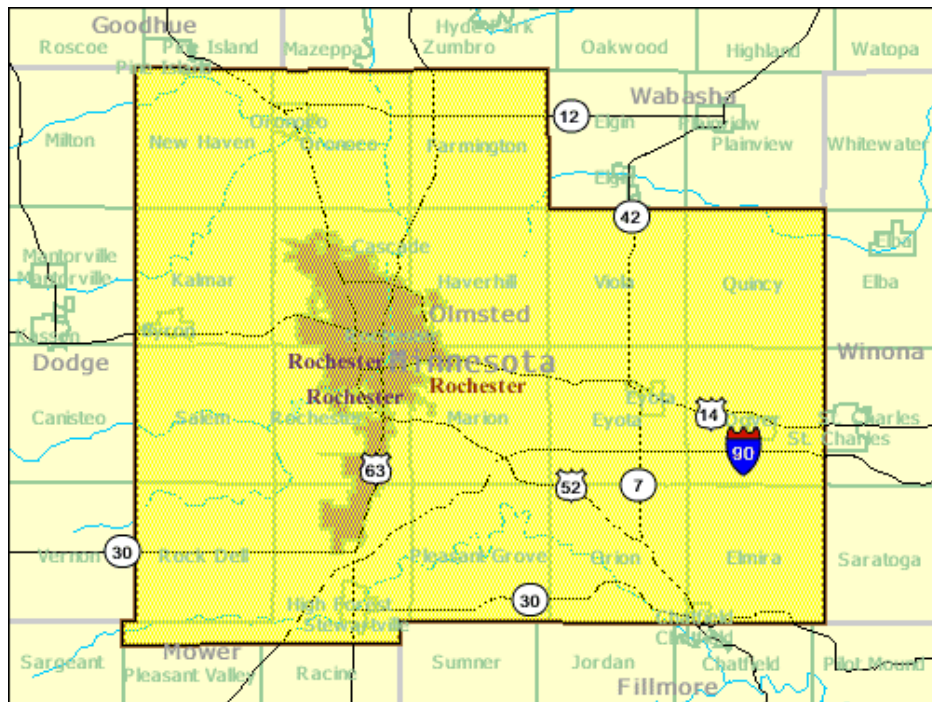
An analysis of area visitors, residents and employees provides the most accurate description of the target markets that will be generating the demand for the business products and services and amenities in the Downtown.

The following analysis is based upon recent data compiled for the City of Rochester, Rochester Metropolitan Statistical Area (MSA)/Olmsted County (Figure 1) and Olmsted County Census Tract 1, which is defined as Downtown Rochester.

Downtown Rochester is an approximately 50-block area, roughly bounded by Civic Center Drive to the north, the Zumbro River to the east, Soldiers Field Memorial Park to the south, and 4th Avenue SW to the west (Figure 2).

**Figure 1:
Rochester, Minnesota MSA/Olmsted County**

source: 2000 Census



**Figure 2:
Census Tract 1 – Downtown Rochester**

source: 2000 Census



Residents. From 1990 to 2000, population and household growth in the city of Rochester outpaced that of the MSA. Recent US Census data revealed that Olmsted County grew 6% between 2000 and 2003, adding 7,100 residents. The City's growth in the 90's was 85% of the total growth in the MSA. Rochester is currently the third largest city in the state.

Minority groups, particularly African American and Hispanic populations, grew rapidly between 1990 and 2000 but as a whole remain a small percentage i.e., 12.5% of the City and 9.7% of the MSA total populations. In striking comparison to the surrounding area, Downtown's resident base remains elderly and nearly two-thirds female (Figure 3).

**Figure 3:
Demographic Summary:
Downtown, City of Rochester and Rochester MSA, Percent Change 1990 - 2000**

source: 1990 & 2000 Census

	Downtown		Rochester		Rochester MSA	
	2000	% Change	2000	% Change	2000	% Change
Population	1,582	+30.7%	85,806	+21.3%	124,277	+16.7%
Households	994	+15.0%	34,116	+22.2%	47,807	+19.3%
Average Household Size	1.26	+0.8%	2.43	-0.01%	2.53	-2.32%
Median Age	77.6	+1.6%	34.3	+9.2%	35.0	+ 10.0%
Gender						
Male	548	+44.2%	41,720	+23.6%	61,078	+18.2%
Female	1,034	+24.6%	44,086	+19.2%	63,199	+15.4%
Race and Ethnicity						
White	1,463	+25.9%	75,088	+12.7%	112,255	+10.2%
African American	18	+350%	3,064	+321%	3,330	+323%
American Indian	0	-100%	258	+20.6%	317	+7.5%
Asian & Pacific Islander	85	+118%	4,863	+66.2%	5,346	+65.1%
Other	8	+100%	996	+339%	1,148	+325%
Hispanic Origin	20	+17.6%	2,565	+212%	2,959	+205%

Political events throughout the world have a strong effect on immigration to Minnesota. A large proportion of immigrants to Minnesota come seeking refuge or asylum. Rochester MSA immigrant populations increased by 130.4% between 1990 and 2000. According to the 2000 Census foreign-born persons represent 7.8% of the population of Rochester MSA. Figure 4 lists the 1999 population of immigrant groups residing within Olmsted County.

**Figure 4:
1999 Estimated Population of Largest Immigrant Groups in Rochester MSA**

source: Rochester Post Bulletin

	Population
Somalia	1,800
Cambodia	1,700
Latin America	1,100
Laos	700
Vietnam	600
Bosnia	500
Hmong	450

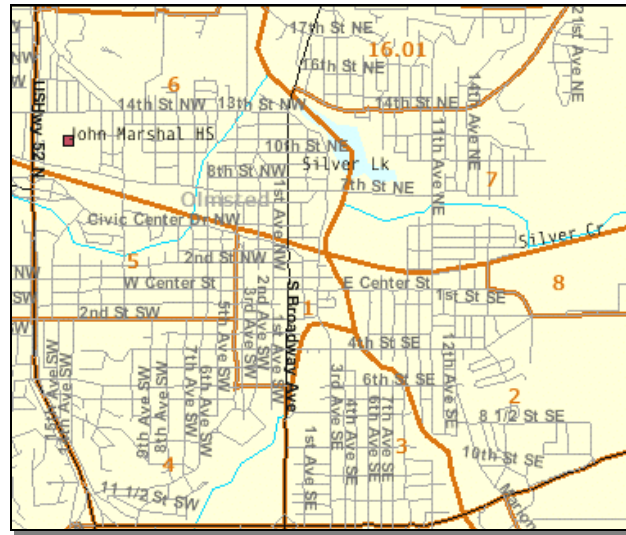


East Side Pioneers Neighborhood

Housing. Downtown Rochester is surrounded by appealing neighborhoods. The Kutzky Park neighborhood is located due west of Downtown, Pill Hill to the southwest is Rochester’s oldest upper-income neighborhood. Northrup Park neighborhood to the north, East Side Pioneers and Southeast Settlers to the east and south are attractive urban neighborhoods that contain parks, schools and other amenities. Figure 5 briefly illustrates population and housing characteristics for the neighborhoods surrounding Downtown Rochester. (Note: Census tract boundaries roughly approximate neighborhood boundaries.)

**Figure 5:
Downtown Rochester and Adjacent Neighborhoods**

source: 2000 Census



Downtown and Adjacent Neighborhoods 2000

source: 2000 Census

Neighborhoods/ Census Tract	Population	Median Age	Household Size	Owner-Occupied	Renter-Occupied	Median HH Income
East Side Pioneers						
Census Tract 2	5,935	31.1	2.43	56.9%	43.1%	\$34,205
Census Tract 7	4,138	37.7	2.50	92.8%	7.2%	\$49,435
Southeast Settlers						
Census Tract 3	3,119	30.7	2.37	74.0%	26.0%	\$37,460
Pill Hill/Kutzky Park						
Census Tract 4	3,392	39.8	2.03	65.6%	34.4%	\$53,561
Census Tract 5	3,310	30.3	1.99	32.7%	67.3%	\$33,107
Northrup Park						
Census Tract 6	4,668	40.4	2.08	58.6%	41.4%	\$28,732
Downtown Rochester						
Census Tract 1	1,582	77.6	1.26	12.2%	87.8%	\$14,668
Neighborhoods total	26,144					
City of Rochester	85,806	34.3	2.43	71.0%	29.0%	\$49,090

Over 67% of downtown householders are 65 years and older, many of these are in retirement facilities. 20.7% of Downtown’s total population was reported by the 2000 Census as living in “group quarters” as opposed to housing units. Of these, only 24% were in nursing homes, the remainder in shelters and other social services facilities. The 2000 Census also shows a more age-diverse population City- and metro-wide, with persons in the 35 to 44 age group making up the largest population segment (Figure 6).

Figure 6:
2000 Age Distribution in Occupied Housing Units

source: 2000 Census

	Downtown	Rochester	Rochester MSA
under 25 years	3.3%	7.2%	6.1%
25 to 34 years	8.8%	21.5%	19.5%
35 to 44 years	7.7%	24.1%	25.2%
45 to 54 years	6.3%	18.4%	19.6%
55 to 64 years	6.5%	11.2%	12.3%
65 years and over	67.3%	17.6%	17.2%

A 2002 survey prepared by the U.S. Department of Housing and Urban Development (HUD) established a median gross market rent of \$698.00 for the Rochester MSA. 2000 Census rental vacancy rates for Downtown and Rochester MSA were 1.2% and 3.9% respectively. The 2002 average sales price for existing homes in the Rochester MSA was \$144,837, with the majority of homes selling in the \$100,000 to \$125,000 range.

sources: HUD, Olmsted County Assessor’s Office, Southeast Minnesota Association of Realtors, 2000 Census



Old City Hall was renovated into apartments

Recently completed Downtown multi-family housing projects include Riverside Suites, 62 short-term lease, furnished units, and a 45-unit addition for Alzheimer patients to the Charter House. Oakwood Broadway Plaza, a 146-unit high rise with ground floor and skyway retail, which will provide housing for international and domestic visitors to the Rochester Mayo Clinic is scheduled to start leasing in May, 2004.

source: Rochester/Olmsted Planning Department

Education. According to the 2000 Census, 34.7% of Rochester MSA residents hold bachelor’s degrees or higher, well above the national average of 24.4%. The University Rochester Center, home to partner schools University of Minnesota Rochester, Winona State University – Rochester Center and Rochester Community College and Technical College offers post-secondary and post-graduate opportunities to more than 7,100 students. In addition, five schools at the Mayo Clinic offer Master’s and Doctor’s degrees, allied health sciences and continuing education programs to more than 2,300 students annually.



Mayo Clinic

Mayo Clinic. The concept of group medical practice, a sharing of skills and knowledge, was initiated by Dr. William Worrall Mayo and his two sons almost 100 years ago. Today their family medical practice has grown into the largest association of physicians in private practice of medicine in the world, and the largest private employer in the State of Minnesota. Not only does the Clinic provide medical care, it educates future physicians and healthcare professionals, and is a leader in biomedical and clinical research. Mayo’s total economic impact to the State of Minnesota in 2000 equaled \$3.97 billion (Mayo Clinic Rochester accounts for \$3.4 billion and Mayo Health System accounts for \$553 million.) 62% of patients served by Mayo Clinic Rochester are from the State of Minnesota

and 41% of these are from Southeastern Minnesota. Only 2% of Mayo's patients are from outside of the United States (Figure 7).

**Figure 7:
Mayo Clinic Rochester**

sources: Mayo Clinic Highlights, 2002 Economic Impact Study

Employment (2004)	27,454
Retail spending in Rochester by patients and families (2000)*	\$42 million
Impact on Rochester lodging industry (2000)**	\$80 million

**spending an average of \$107 per day
**generating 75% of all hotel stays*



IBM is located northwest of Downtown Rochester

Employment. Rochester's economy is built around health care, high technology and agriculture. From 1993 to 2002, the Rochester MSA experienced 2.4% employment growth, or 25% faster than the nation and state of Minnesota. Historically, unemployment rates remain below those of the state and the nation. The 2003 annual unemployment rate for the Rochester MSA was 4.2%, compared to 5% and 6% for Minnesota and the United States, respectively. Five of Rochester's top ten major employers are located in Downtown, representing over 32,000 employees. The numbers in Figure 8 represent full- and part-time employment.

**Figure 8:
Major Employers in Rochester, 2003**

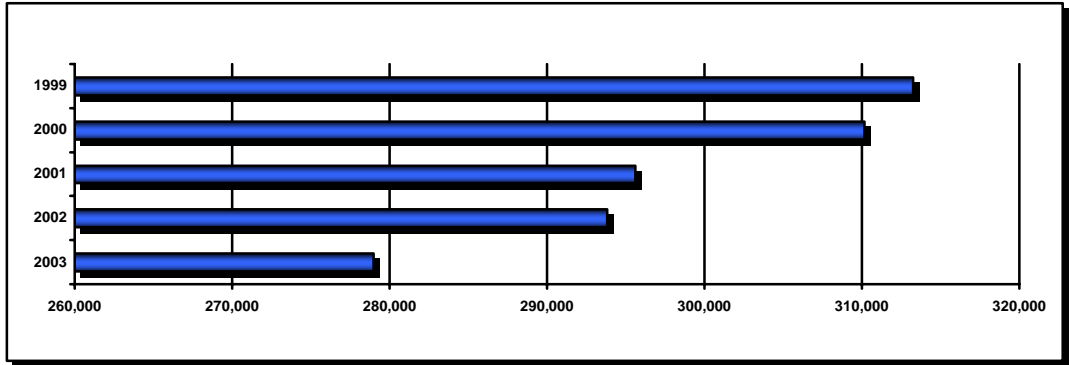
source: Rochester Area Economic Development, Inc.

Established	Firm	Employees	Type of Business
1914	Mayo Clinic	27,457 (2004)	Medical/Hospital
1911	IBM	4,600	Electronics/Computer
1868	Rochester Public Schools	2,150	Education Services
1951	Crenlo	674	Metal Fabrication
1855	Olmsted County	1,144	Government
1930	HyVee	1,050	Grocery – Retail
1949	Olmsted Medical Center	925	Medical/Hospital
1962	WalMart	800	Retail
1917	Sunstone Hotel Properties	800	Hotel/Restaurant Services
1858	City of Rochester	800	Local Government

Visitors/Lodging. Rochester International Airport, located 8 miles south of Downtown Rochester, is served by three commercial air carriers: Northwest Airlines, American Airlines and Mesaba AirlinK. Figure 9 illustrates total annual aircraft enplanements pre- and post-September 11, 2001 events, including charter activity, from 1999 through 2003. The national economy, declining international travel, specific service discontinuance, and carrier transitions to regional jet services combine to show declines through 2003. Early 2004 monthly trends are reported to be encouraging in comparison to 2003.

**Figure 9:
Rochester Airport Enplanements**

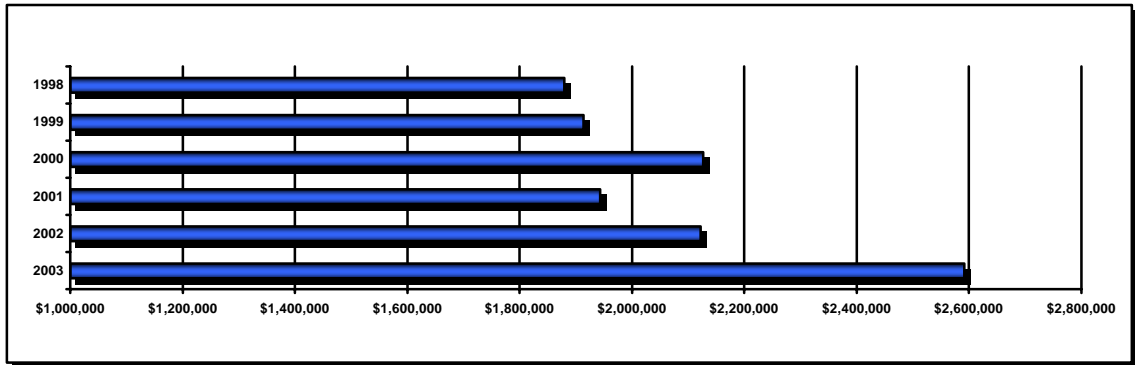
source: Rochester International Airport



Over 5,000 hotel rooms are located in the City of Rochester, or about the same as in the City of Minneapolis. Eighteen hotels containing 2,455 rooms are located in Downtown Rochester, and roughly 1700 of these rooms are first class accommodations. A Residence Inn by Marriott hotel is currently under construction in Downtown, scheduled to open during summer, 2004. Mayo Clinic is said to generate approximately 75% of all hotel stays, or an estimated 1,000,000 room nights annually (Figure 10).

**Figure 10:
Rochester Hotel/Motel Tax Collections**

source: City of Rochester



Downtown Rochester’s “marketplace” is defined by those potential user groups, i.e. residents, employees and visitors that are found within the Downtown area at any given time (Figure 11).

Figure 11: Downtown Rochester’s Marketplace 2003

sources: various

Residents*	26,144
Employees	32,000
Visitors (citywide)**	1,500,000 annually
Mayo Clinic Outpatient Visitations (2002)	1,380,000 annually
Mayo Clinic Admissions (2002)	59,228 annually
Rochester Downtown Farmers Market	50,000 annually
Rochesterfest	100,000 annually
Rochester Sesquicentennial (projected 2004)	100,000 annually
Rochester Post Office (Main)	140,936 annually
Rochester Area Family Y	407,074 annually
Rochester Public Library	483,714 annually
Mayo Civic Center	283,045 annually
Rochester Repertory Theatre	3,523 annually
Rochester Civic Music***	74,343 annually
Rochester Civic Theatre	25,000 annually
Rochester Art Center	20,000 annually
Rochester Orchestra & Chorale	5,700 annually

*Downtown and adjacent neighborhoods

**www.rochestermn.com

***Includes education & outreach, and community music



Soldiers Field Memorial

Other Downtown amenities include the Zumbro River, which flows through southeastern Minnesota to the Mississippi. Dakota Indians were early area inhabitants, and then came French voyagers in canoes who originally called it “Rivere des Embarrass” or river of difficulties, due to swift currents and snags. Today the river is part of a 60-mile recreational trail system that runs through Rochester. Soldiers’ Memorial Field Park and golf course lies to the south of Downtown. Central Park, on the north end of Downtown, features the 1875 Heritage House, which contains exhibits depicting life during the 19th century.

Pedestrian Counts. Pedestrian traffic volumes were measured during summer and fall, 2003 for the Centerplace Galleria. Average daily volumes ranged from a low of 1,691 or 47% of highest volume locations, at the street level Broadway entrance, to 3,588, or 100% of the highest volume locations, at the street level Peace Plaza entrance. The study noted that volumes above 2,000 indicate moderate to good retail potential (Figure 12).

**Figure 12:
2003 Centerplace Galleria Pedestrian Counts**

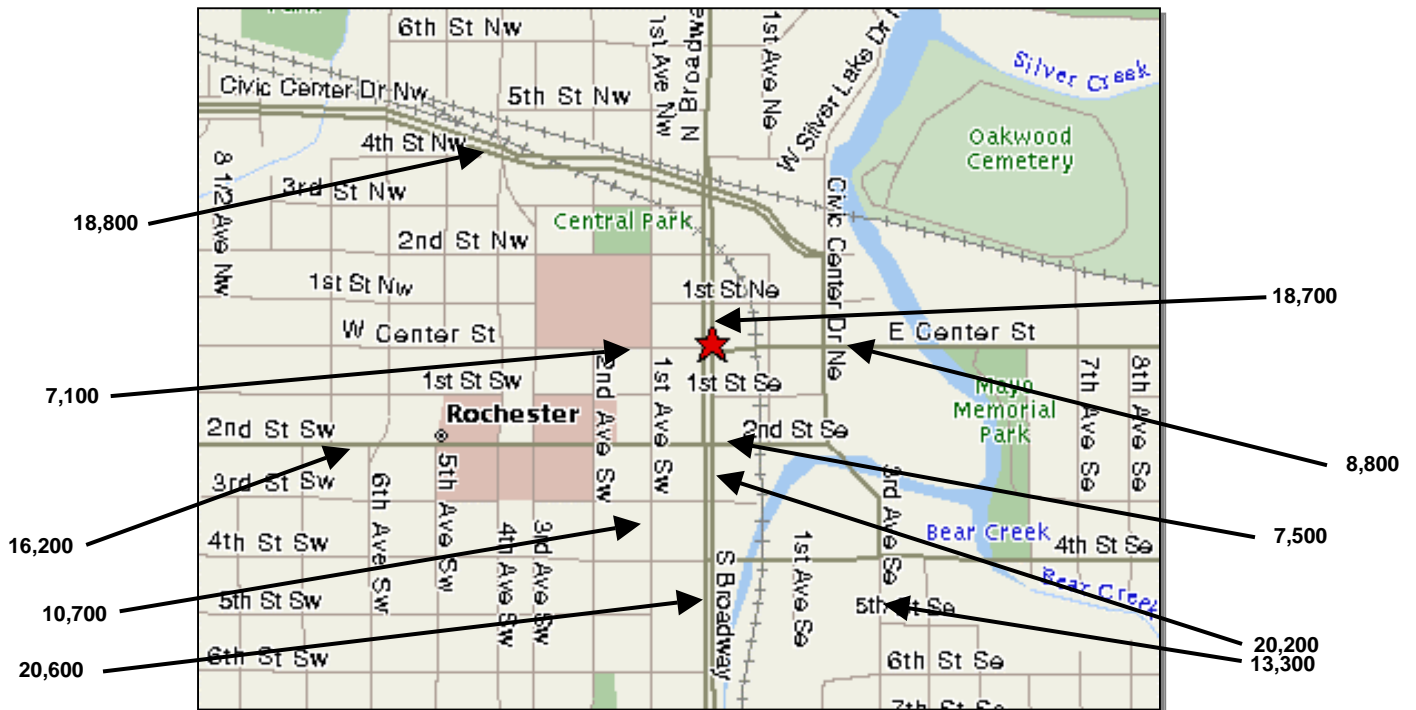
source: Community Enhancement/Pedestrian Studies

Count Location	Daily Volume	% Of Highest Volume Location
Street Level – Plaza Entrance	3,588	100%
Skyway to US Bank	3,441	96%
Skyway to Radisson	2,848	79%
Skyway to Barnes & Noble	2,672	74%
Skyway to Pavillion	2,043	57%
Street Level – Broadway Entrance	1,691	47%

Traffic Counts. Center Street and Broadway Avenue (Highway 63) intersect in Downtown Rochester to form northeast/northwest/southeast/southwest quadrants of the city. A 2002 traffic count taken on Broadway at that intersection is 18,700, and over 20,000 three blocks south on Broadway. 2nd Street SW, 4th Street SW and 3rd Avenue SE also carry substantial traffic through the Downtown area. Additional counts are illustrated in Figure 13.

Figure 13:
2002 Downtown Rochester Daily Traffic Volumes

source: Minnesota Department of Transportation



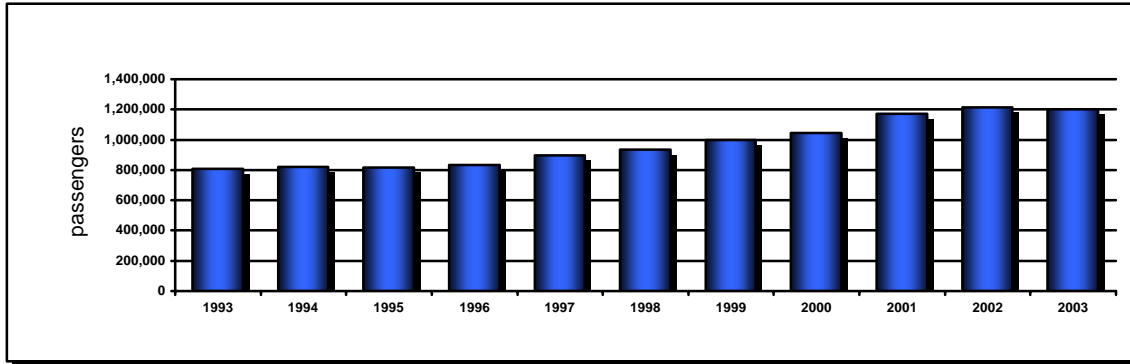
Transit Ridership.



Rochester City Lines carries approximately 1.2 million passengers annually, or almost 4,600 passengers per weekday. All city buses, as well as weekday commuter buses serving 24 southeastern Minnesota communities run through the downtown Rochester bus stop, which is located along 2nd Street SW between 1st and 2nd Avenue SW. 23 regular, direct and peak routes run during weekdays between 5:30 am and 6:15pm, and four evening weekday routes run through 10:15 pm. Six routes run on Saturdays between 8:15 am and 6:15 pm, and there is no service on Sundays and six major holidays. Monthly trends indicate that ridership fluctuates upward from fall through winter, or between the months of September and April, and down through warmer months. Figure 14 shows annual ridership trends between 1993 and 2003.

**Figure 14:
Rochester Transit Ridership**

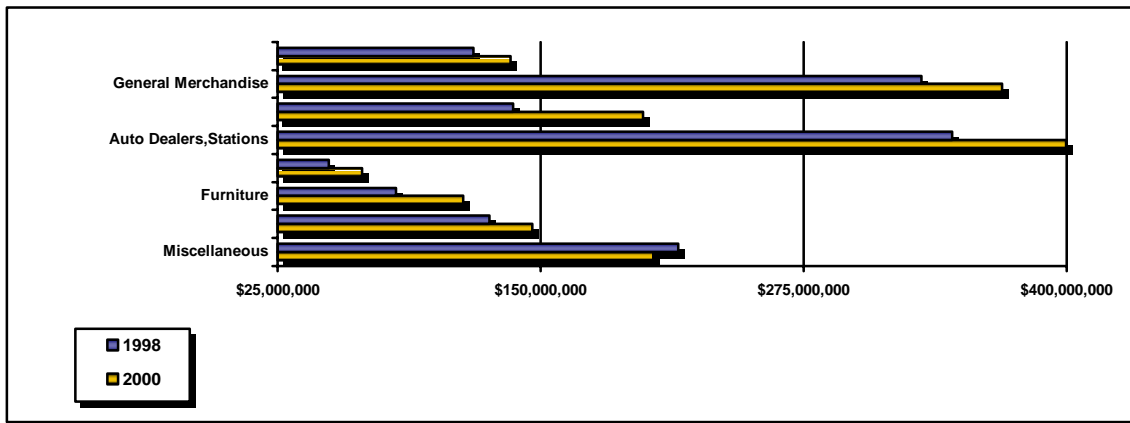
source: Rochester City Lines



Retail Sales. Citywide, most categories of retail sales grew between 1998 and 2000. Automotive, food and grocery stores, and eating and drinking establishments led spending in all categories (Figure 15).

**Figure 15:
Gross Retail Sales by Industry 1998 to 2000: City of Rochester**

source: Minnesota Department of Revenue



Historic 3rd Street SW

Downtown Rochester contains 26% of the City’s eating and drinking establishments, and 42% of its apparel and accessories retailers. Conventional department stores, national chains and discount stores, which make up the general merchandise category, are located outside of Downtown (Figure 16).

Figure 16: Existing Retail in Downtown Rochester and City of Rochester

sources: P.U.M.A. survey, Minnesota Department of Revenue

	Rochester	Downtown	Downtown as a % of Total Outlets
Hardware, Building Materials	47	1	2.1%
General Merchandise	23	0	0.0%
Food Stores	66	5	7.6%
Automotive Dealers, Service Stations	77	6	7.8%
Apparel and Accessories	76	32	42.1%
Home Furniture and Furnishings	94	6	6.4%
Eating & Drinking Establishments	181	47	25.9%
Miscellaneous	628	38	6.1%
Total	1,192	135	100%

III. Downtown Retail Audit

For the purposes of this study, Downtown Rochester is defined as an approximately 50-block area bounded by Civic Center Drive to the north, the Zumbro River to the east, Soldiers Field to the south, and 4th Avenue SW to the west. An audit of existing retail businesses was conducted in February and March 2004 in order to understand the area's current retail situation.

Second-story skyway pedestrian systems connect Downtown's government and office buildings, hotels and retail to the Mayo campus, which is served by pedestrian subways. These climatized pedestrian thoroughfares contain retail space with stores merchandized to serve Rochester visitors and area employees and residents. Subway, skyway, hotel and ground floor retail (excluding professional services, i.e., lawyers, accountants, etc.) were estimated in the inventory.

- ✧ There are 173 existing retail businesses in Downtown Rochester.
- ✧ The total square footage of these businesses is estimated to be over 306,000 square feet.
- ✧ There are 11 vacant retail spaces, or approximately 14,000 square feet in Downtown.
- ✧ 57 subway, skyway and hotel retailers occupy 82,000 square feet.
- ✧ Centerplace Galleria Mall has 30 retailers occupying roughly 38,000 square feet, and 6,000 square feet of other commercial, out of a total of 85,000 square feet with a total occupancy rate of 51%. National retail tenants include Chico's, LensCrafters and Talbot's, and a Barnes & Noble bookstore is situated immediately adjacent to the mall. Centerplace Galleria contained a six-screen, 19,500 square foot movie theater, which closed in 2002.
- ✧ 86 ground floor retail stores (slightly less than half of all Downtown retailers), are located in the core and on adjacent Downtown streets, accounting for 171,200 square feet (56%) of existing Downtown retail.
- ✧ No large grocery store exists in Downtown, however, four ethnic markets (middle eastern, etc.) are situated within the survey area, and several more of these markets are apparent in surrounding areas.
- ✧ 47 eating and drinking establishments occupy 91,000 square feet, or approximately 30% of existing Downtown retail space. 20 restaurants, including hotels, and 19 fast food outlets are included in the total.
- ✧ Leisure goods are the second largest concentration with 67,000 square feet, notably 5 hobby and craft shops (beads, fabric, embroidery and quilting).
- ✧ Apparel items are third with 55,000 square feet in Downtown, 15 women's apparel stores occupy 1/2 of this square footage.



Retail adjacent to Peace Plaza

Downtown's street level retail appears to be somewhat disconnected, with the exception of two clusters of retail; Peace Plaza and Historic 3rd Street. These two areas are pedestrian in scale; and contain an uninterrupted selection of shops and/or eating and drinking places.

SUMMARY TABLE: EXISTING RETAIL ACTIVITY WITHIN THE DOWNTOWN* ROCHESTER MARKET							
sources: P.U.M.A survey, Sunstone Hotel Properties, Welsh Companies, March, 2004							
EXISTING RETAIL (estimated square feet)	Sunstone		Welsh		All Other Ground Floor Retail		TOTAL
	Hotels/Subways/Skyways	# units	Centerplace Galleria/US Bank Bldg	Subways/Skyways	# units	# units	DOWNTOWN MARKET
Food And Beverage Stores							5 units
Convenience Stores	1,328	1					
Specialty Food Stores			1,595	1	6,000	3	
Food and Beverage Subtotals	1,328	1	1,595	1	6,000	3	8,923 sf
Eating and Drinking**							47 units
Restaurants	15,574	4	5,000	1	25,000	7	
Café/Coffeehouse	800	1			12,500	7	
Fast Food	4,368	5	6,725	12	6,800	2	
Bars	1,512	1	1,718	1	10,800	6	
Eating and Drinking Subtotals	22,254	11	13,443	14	55,100	22	90,797 sf
Home							9 units
Electronics - Audio Visual & Computers			264	1	900	1	
Furniture					6,000	1	
Home Furnishings	330	1			4,200	2	
Home Improvement					1,000	1	
Home Services					2,300	2	
Home Subtotals	330	1	264	1	14,400	7	14,994 sf
Apparel							32 units
Women's Apparel	10,462	8	12,245	4	5,000	3	
Men's Apparel	8,490	2	1,587	1	1,100	1	
Children's Apparel	846	1					
Used Clothing					2,900	2	
Footwear	1,065	1	4,268	3	2,000	3	
Watches/Jewelry	2,721	1			2,100	2	
Apparel Subtotals	23,584	13	18,100	8	13,100	11	54,784 sf
Leisure							28 units
Antiques					14,000	4	
Art Galleries/Framing	1,309	1			9,300	4	
Books, Periodicals, Videos	45	1	15,000	1	2,600	2	
Hobbies, Crafts					5,500	5	
Photography			559	1	1,000	1	
Video Arcade			3,550	1			
Music					4,000	2	
Toys	592	1	1,852	1			
Sporting Goods					2,000	1	
Theater & Dance Classes					8,000	2	
Leisure Subtotals	1,946	3	20,961	4	43,800	21	66,707 sf
Travel							6 units
Travel Services	2,105	4			1,200	1	
Rental Cars	390	1					
Travel Subtotals	2,495	5		0	1,200	1	3,695 sf
Financial Services							7 units
Banks	1,744	1			15,000	6	
Financial Services Subtotals	1,744	1		0	15,000	6	16,744 sf
Miscellaneous							18 units
Automotive					14,600	6	
Luggage	757	1					
Florist	1,083	2					
Gifts	3,833	4	3,811	3	1,800	2	
Miscellaneous Subtotals	5,673	7	3,811	3	16,400	8	25,884 sf
Health and Personal Care							21 units
Medical & Dental Services	440	1					
Optical	413	1	3,372	1			
Prescription Drugs, Medical Supplies	6,051	4	960	1	3,000	3	
Personal Care Products/Services	4,493	5	1,687	1	3,200	4	
Health and Personal Care Subtotals	11,397	11	6,019	3	6,200	7	23,616 sf
TOTAL OCCUPIED SQ. FT./UNITS:	70,751 sf	53	64,193 sf	34	171,200 sf	86	306,144 sf
							173 total units
TOTAL VACANT SQ. FT./UNITS:	300	3	12,374	6	1,600	2	14,274 vacant sf
							11 vacant units
*Downtown survey boundaries: Civic Center Drive to the north, Zumbo River to the east, 6th Street SW to the south, and 4th Avenue SW to the west.							
**Including hotel restaurants/bars							

IV. Competitive Retail Environment

P.U.M.A. identified five Rochester retail nodes with which Downtown Rochester competes as a center for retail and services. The retail nodes identified include 1) Northwest Plaza shopping area, 2) Rochester Marketplace/37th Street Corridor 3) Miracle Mile/north of Downtown 4) Apache Mall/Highway 14 Corridor/Kmart, and 5) the South Broadway Corridor. Site reviews of 19 retail centers within the five nodes were conducted during late February 2004. Each of these centers is shown on a map (Figure 17) and is described below. Figure 18 briefly summarizes the retail nodes.



Northwest Plaza

1. Northwest Plaza Shopping Area

- ✧ **a. Northwest Plaza** is a community shopping center that is located at the southwest quadrant of the interchange between U.S. Highway 52 and 55th Street NW. Sam's Club and Wal-Mart opened in 1993. Northwest Rochester has experienced recent population growth. An Econo Foods market is located on an outparcel. Econo Foods recently announced that it is closing both of its Rochester locations. A strip center building with eleven tenants including Radio Shack and Fashion Bug had four vacant spaces.
- ✧ **b. Menard Plaza**, located in the southeast quadrant, has one of two Menard's discount building material stores and a JoAnn Fabric/Craft stores.



Rochester Marketplace, IBM in background

2. Rochester Marketplace/37th Street NW Corridor

- ✧ **c. Rochester Marketplace/Rochester Crossing** are located close to the IBM campus on U.S. Highway 52 and 41st Street NW. The community shopping center features Minnesota's first SuperTarget, Home Depot, Ultimate Electronics and Staples and eleven other tenants, including a Blockbuster and Famous Footwear. **Rochester Crossing**, a more recent development, has twelve tenants, including upscale eateries Noodles & Company, Caribou Coffee, Panera, Coldstone Creamery, and Chipotle. At the time of the site visit, four tenant spaces remained to be filled.
- ✧ **d. Maplewood Plaza**, located across U.S. Highway 52 is an older community shopping center, formerly home to a Target and Rainbow Grocery. Rainbow has also closed its two Rochester locations. Current tenants include Best Buy, Hobby Lobby and other smaller stores. Four vacancies, including the grocery were evident.
- ✧ **e. Cedarwood Plaza** is a neighborhood center which lies less than ½ mile due east of Maplewood Plaza on 41st Street NW. Financial and personal services, two human services agencies, a sporting goods store and a bookstore are tenants. A barbeque restaurant occupies an out parcel, and a former Asian market is vacant.
- ✧ **f. Shopko** is a discount general merchandiser with north and south locations. The north store is situated on North Broadway and 37th Street, adjacent to the 12-screen Chateau Theatre.



Miracle Mile Shopping Center

3. Miracle Mile/North Central Area

- ✧ **g. Miracle Mile Shopping Center**, located on the east frontage road of U.S. Highway 52 at 2nd Street SW, was Rochester's first shopping center. Built in 1952, the center underwent exterior renovation in 1981 and was expanded in 1993. The shopping center consists of two sections separated by a small service drive. The northern section contains a vacant, former department store space and an enclosed "mini mall" with a Waldenbooks, and four personal services businesses. Toy stores, craft/hobby shops, financial and travel services and other convenience retailers are located in

the rest of the shopping center, which also has an Ace Hardware store. Two other vacancies were noted.

- ✧ **h. Barlow Plaza** is a neighborhood shopping center anchored by a HyVee Supermarket. Other major tenants at the center include Weber & Judd Pharmacy, MGM Liquor Warehouse and 17 other tenants.
- ✧ **i. Hillcrest Shopping Center** is a small neighborhood shopping center located one mile north of Miracle Mile Shopping Center on the east frontage road of U.S. Highway 52 at 16th Street NW. A drug store anchors the center, which contains nine other tenants.
- ✧ **j. Northbrook Shopping Center** is a neighborhood shopping center located 1½ miles north of downtown Rochester on North Broadway. This center currently has nine tenants, including a Paper Warehouse and a liquor store. A supermarket anchor closed in 1987, and at one time the center housed a three-screen cinema, since closed. Northbrook Shopping Center has the largest number of vacant spaces of any shopping center in Rochester. A recent visit to the shopping center counted sixteen vacant storefronts.
- ✧ **k. Silver Lake Shopping Center** is a neighborhood shopping center located directly across North Broadway (Highway 63) from the Northbrook Shopping Center. The center is anchored by Silver Lakes Food market, a drug store and an Ace Hardware store. Six other tenants are located at the center, including a Burger King on an out parcel.



Apache Mall

4. Apache Mall/Highway 14 Corridor

- ✧ **l. TJ Maxx Plaza** opened in 1985 in the southwest quadrant of U.S. Highways 14 and 52, directly west of the Apache Mall. The site lacks visibility to those traveling on the two highways, to the Apache Mall. The highways are also perceived as barriers to access. Formerly known as Barclay Square, TJ Maxx Plaza was the first attempt at specialty retailing outside of Downtown Rochester. A 29,000 square foot TJ Maxx discount store serves as an anchor.

A six-screen movie theatre was recently demolished, and the Center is currently undergoing renovation. Tuesday Morning and Sally Beauty Supply are among the tenants. Restaurant and smaller additional office/retail spaces are being developed. TJ Mass Plaza had two vacant spaces.

- ✧ **m. Apache Mall** is a 750,000 square foot enclosed super regional shopping center that opened in 1969 in the southeast quadrant of U.S. Highways 14 and 52. The shopping center underwent expansion and renovation in 1992 and 2002. An outlying, two-screen movie theatre closed in 2002. Anchor tenants include JC Penney, Marshall Fields, Sears and Herberger's department stores, and Barnes & Noble. The mall has 100 retail stores, including many national chain stores, kiosks, restaurants and a food court. A Romano's Maraconi Grill is under construction on a freestanding pad. Apache Mall had six vacant spaces in late February.
- ✧ **n. Crossroads Shopping Center** is located in the southwest quadrant of U.S. Highways 14 and South Broadway, (Highway 63) approximately one-half mile east of Apache Mall. The shopping center underwent a renovation prompted by the closing of its Sears when it moved to the Apache Mall in 1991. The renovation added a 24,000 square foot Rainbow Food Market, which stands vacant, and several big box tenants including Office Max, Pier One Imports, Gander Mountain and Hancock Fabrics. Crossroads Shopping Center has twenty-five tenants, which are a mix of shopping and convenience goods, personal and financial services. Several restaurants are located on outlying parcels. Two vacant stores were evident.
- ✧ **o. Kmart** is located one-half mile north of Crossroads Shopping Center on South Broadway (Highway 63).
- ✧ **p. Cub Foods** anchors a strip center at the intersection of U.S. Highway 14 and 15th Avenue SE. Ace Hardware, a liquor store and a fabric store are tenants in this center. Burger King and a Citgo gas station occupy two outparcels.



Broadway Commons Shopping Center

5. South Broadway Corridor

- ✧ **q. Broadway Commons Shopping Center** has a stand alone Super Wal-Mart and Sportmart, Kohls, Bed Bath & Beyond, Michael's Arts & Crafts, Dress Barn, Famous Footwear and Old Navy in a strip mall, located on South Broadway at 25th Street SE. Fast food restaurants and personal services businesses occupy space on adjacent outparcels.
- ✧ **r. Shopko**, a discount general merchandiser, and **Menard's** discount building materials south Rochester stores are located directly south of Broadway Commons at 28th Street SE.
- ✧ **s. Mills Fleet Farm**, which bills itself as “the man’s mall” is a discount store offering agricultural goods, building supplies and hardware, automotive wares, apparel, toys and lawn and garden supplies. Located at 35th Street SW and South Broadway, the store has an outlying gas station and convenience store.

Downtown Rochester’s Differential Advantages

In comparison to the other business districts, Downtown Rochester appears to have several distinct differential advantages:

- ✧ **Captive markets – downtown and Mayo employees, downtown area residents, visitors**
- ✧ **Historic surroundings – the Mayo Clinic, downtown as center of commerce, the river**
- ✧ **Center of arts, cultural and sporting events**
- ✧ **Locally owned and operated businesses are distinctive, providing an opportunity for specialty retail**
- ✧ **Unique and upscale restaurants**

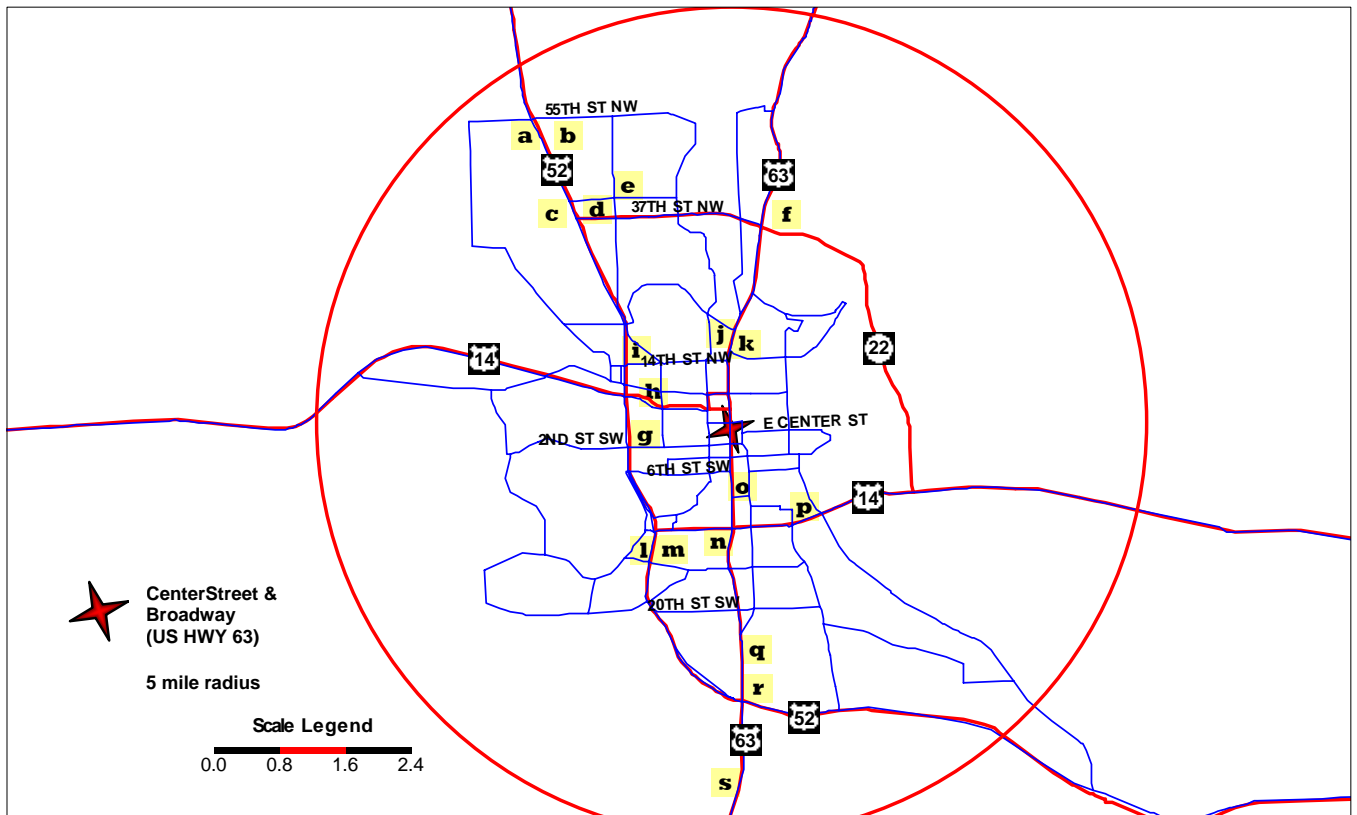


Figure 17: Competitive Retail – Location of Surveyed Shopping Areas

Northwest Plaza Shopping Area

- a. Northwest Plaza
- b. Menard Plaza

Rochester Marketplace/37th Street NW Corridor

- c. Rochester Marketplace/Rochester Crossing
- d. Maplewood Plaza
- e. Cedarwood Plaza
- f. Shopko

Miracle Mile/North Central Area

- g. Miracle Mile Shopping Center
- h. Barlow Plaza
- i. Hillcrest Shopping
- j. Northbrook Shopping Center
- k. Silver Lake Shopping Center

Apache Mall/Highway 14 Corridor

- l. TJ Maxx Plaza
- m. Apache Mall
- n. Crossroads Shopping Center
- o. Kmart
- p. Cub Foods

South Broadway Corridor

- q. Broadway Commons Shopping Center
- r. Shopko/Menard's
- s. Mills Fleet Farm

Figure 18: Downtown Rochester - Competitive Business Districts

4/04 prepared by Progressive Urban Management Associates, Inc.

business district	niche	total GLA	# vacancies total vacant sq. ft.	market	business mix
Northwest Plaza Shopping Area	discount retail destination (chains)	490,000 sf	4 vacancies 16,000 sq. ft.	local/regional	Wal-Mart, Sam's Club, national chain restaurants, goods and services
Rochester Marketplace	discount retail destination/ mid-priced retail chains	425,000sf	4 vacancies 6,000 sq. ft.	local/regional	SuperTarget, Home Depot, national chain restaurants, goods and services
37th Street NW Corridor	discount retail and neighborhood retail and services	353,000 sf	5 vacancies 26,800 sq. ft.	local/regional	Best Buy, Hobby Lobby, general merchandise, national chain and neighborhood goods and services, movie theatre
Miracle Mile/ North Central Area	neighborhood mid-priced retail and services, national chains	467,200 sf	19 vacancies** 140,700 sq. ft.	local/regional	neighborhood goods, restaurants and services, Ace Hardware, Waldenbooks, drug and gift stores, fast food outlets
Apache Mall	retail destination	757,793 sf	6 vacancies 20,000 sq. ft.	regional	JC Penney, Marshall Fields, Sears, Herberger's, national clothiers, gifts, jewelers, books, electronics; fast food chains
Highway 14 Corridor	discount retail/mid-priced retail chains	523,000 sf	4 vacancies 33,500 sq. ft.	local/regional	TJ Maxx, Gander Mountain Sporting Goods, Hancock Fabrics, Office Max, Kmart, Cub Foods national chain goods and services
South Broadway Corridor	discount retail destination	747,000 sf	no vacancies	local/regional	Super Wal-Mart, Menard's home improvement, Kohl's, Old Navy, Bed, Bath & Beyond, chain restaurants and services

**Includes a 67,400 sq. ft. former Carson Pirie Scott department store in the Miracle Mile shopping center, and 16 vacant spaces in the Northbrook Shopping Center

V. Interviews, Roundtables and the Downtown Planning Task Force

From January through April of 2004, the consultant team met with more than 100 downtown stakeholders in a variety of forums, including industry-specific roundtables and one-on-one interviews. Roundtables included:

- Convention & Hospitality
- Parking
- Housing
- Real Estate
- Arts & Culture
- Banks and Major Office Tenants
- Elected Officials
- Retail
- Neighborhood Organizations
- RCTC Students

The planning process was guided by the City's Downtown Planning Task Force, a 33-member group representing a variety of downtown business and civic interests. Task Force members include:

- Sandy Keith, Dunlap & Seeger, Task Force Chairman
- The Honorable Ardele Brede, Mayor
- Imad Baker, Rochester Development
- Cynthia Daube, Daube's
- Don De Keyrel, Construction Partnership
- Bruce Fairchild, The Kahler Grand
- Wayne Flock, Downtown Business Association
- Michael Fogarty, CO Brown Insurance
- Richard Freese, City of Rochester Public Works
- Mac Hamilton, Hamilton Real Estate
- The Honorable Dennis Hanson, Rochester City Council
- Hal Henderson, HGA
- Jack Jibben, Mayo Clinic
- Doug Knott, City of Rochester Development Administrator
- Jeff Korsmo, Mayo Clinic
- Stevan Kvenvold, City Administrator
- Dick Landwehr, Weis Builders
- Ann Lynch, Rochester Public Schools
- Kevin Molloy, Chafoulias Companies
- Dave Nelson, Wells Fargo Bank
- Gary Neumann, Assistant City Administrator
- Charles Pappas, Michael's Restaurant
- Kevin Pitzer, Olmsted Medical Center
- Joe Powers, Canadian Honker
- Brenda Riggot, Rochester Convention & Visitor's Bureau
- Christine Schultze
- Diane Schwinghammer, Rochester Catholic Schools

- Gary Smith, RAEDI
- John Wade, Rochester Chamber of Commerce
- Susan Waughtal, Rochester Neighborhood Resource Center
- Phil Wheeler, City of Rochester Planning Department
- Jerry Zubay, Redwood Room/City Café

A. Existing Conditions

In the roundtables and interviews, downtown stakeholders were asked to identify strengths, weaknesses and areas improvement for downtown. These discussions complemented and built upon a series of downtown focus groups coordinated by the Mayo Clinic in June of 2003. From all of these forums, the following primary challenges and opportunities emerged:



Downtown Environment: Downtown is challenged by an overall environment that is viewed as bland and unappealing. The street level lacks visual appeal, the skyway and tunnel system can be confusing and downtown's destinations are scattered about without visible connections or clusters.

Downtown street scene, skyways

- Downtown needs a central gathering place that is inviting and stimulating.
- The streetscape needs to be softened with trees, green space and visual connections between different destinations.
- The river is under-utilized and stronger connections are needed between downtown and the river trail system.
- Many street level spaces are occupied by offices and other uses that are not active.
- There is no formal or visible connection between the Mayo Clinic to the west and the Civic Center to the east.



Business Mix: There is a strong perception that there is little to do downtown, particularly on nights and weekends.

Centerplace Galleria

- Downtown needs to attract businesses that are unique and distinctive.
- Potential niches for downtown include entertainment, restaurants and specialty retail – Make it fun!
- Downtown needs clusters of activity -- critical mass.
- There is concern about the uncertain state of the Galleria and a desire to see movie theaters return to downtown.



Parking: There are both elements of reality and perception with regard to a lack of downtown parking.

3rd Street parking ramp

- During business hours, some locations within downtown report a shortage of employee and customer parking. The lack of parking supply is affecting business expansion and relocation decisions.
- During nights and weekends, there is an ample supply of parking, but most available spaces are in parking structures that lack adequate signage and marketing.



Housing: Many downtown stakeholders see housing and an increase in downtown residents as key to future revitalization efforts. Downtown is currently perceived as a niche market for either elderly or low income households.

Old City Hall was renovated into apartments

- Housing for diverse income and age markets should be vigorously explored within downtown.



Marketing and Management: Compared to other downtowns, Rochester lacks an aggressive and sustainable effort to market downtown. There is little or no cross-marketing among businesses and no significant effort to package downtown as a destination.

Rochester Public Library

- Attracting more patronage from local residents is a high priority of many businesses.
- The Mayo Clinic provides an ongoing resource of visitors, primarily during weekdays. With its existing hotel infrastructure, there are opportunities to attract additional groups and visitors on weekends.
- Downtown houses an impressive array of arts and cultural institutions; however these facilities are scattered and do not share limited marketing resources.
- Creating consistent and extended operating hours is seen as a way to make downtown retail more marketable.
- Downtown lacks a strong management organization – a private/public partnership that can champion downtown marketing, business development and management.

B. Downtown Planning Task Force Observations

The Downtown Planning Task Force reaffirmed the preceding observations from focus groups, roundtables and individual interviews.

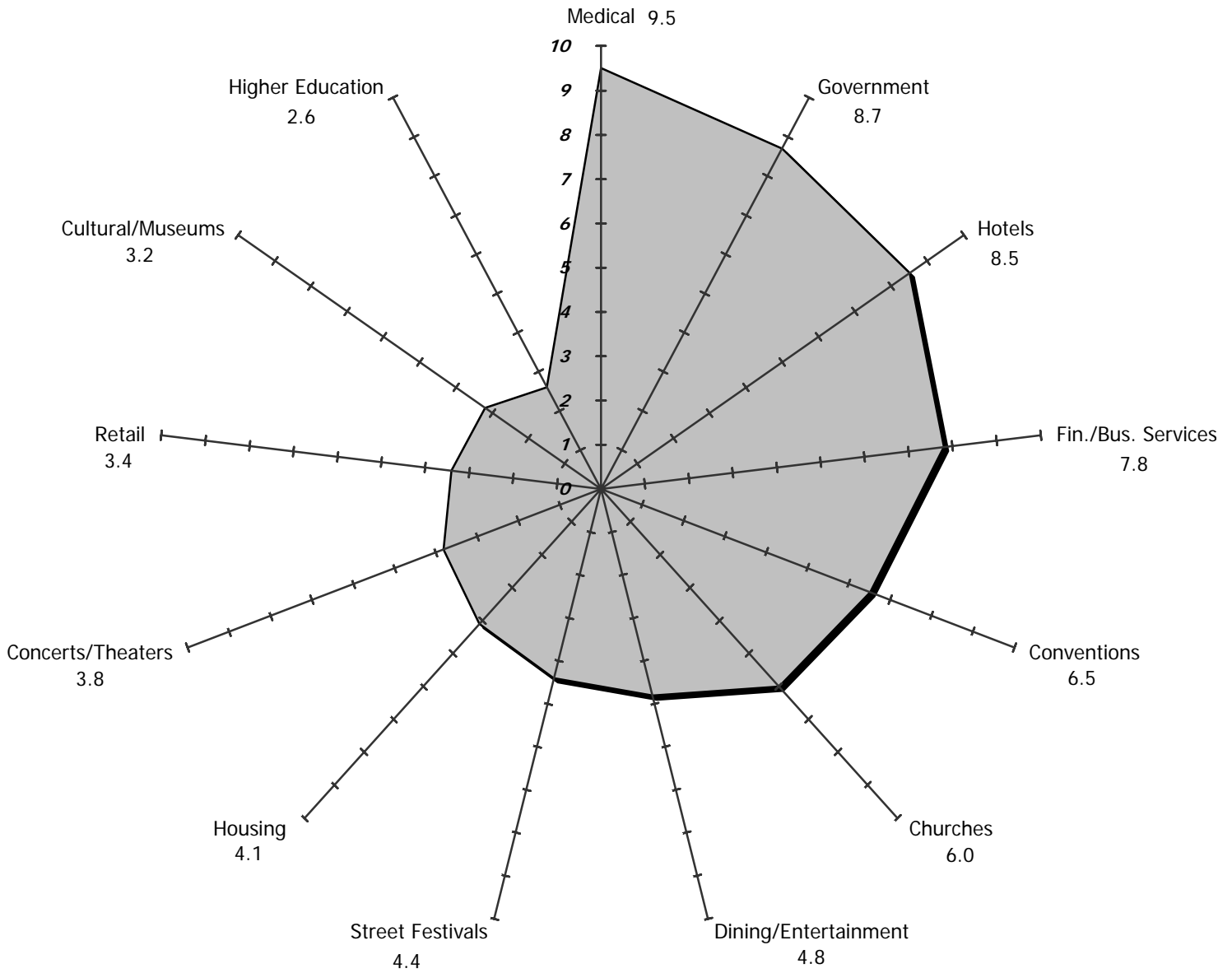
At its February meeting, the Task Force evaluated downtown's existing conditions through the completion of a "*Downtown Vitality Wheel*". The wheel represented ten general attributes of a healthy downtown. Task Force participants were asked to rate each attribute on the wheel, with the outside edge representing a fully function and healthy attribute and center of the wheel representing an area of weakness. These results were then translated to a scale of 1 to 10 (i.e. 1 = weakest attribute, 10 = strongest attribute). Results of existing conditions are provided below and are visually represented on the following page.

9.5	Medical
8.7	Government
8.5	Hotels
7.8	Financial and Business Services
6.5	Conventions
6.0	Churches
4.8	Dining and Entertainment
4.4	Street Festivals
4.1	Housing
3.8	Concerts and Theaters
3.4	Retail
3.2	Cultural Facilities & Museums
2.6	Higher Education

Downtown Rochester Vitality Wheel

Strengths by Category (1 to 10)

From the Downtown Planning Task Force



*prepared by Progressive Urban Management Associates, Inc.
(3/04)*

In addition to evaluating existing conditions within downtown, each Task Force member was asked to identify his or her top three improvements for downtown. Results, in order of frequency of response, follow:

- (14) ► **Diverse housing** - accommodate younger demographic, creatives, Mayo dormitory
- (13) ► **Entertainment** – outdoor, multicultural, dance, arts, accommodate younger demographic
- (5) ► **Unique, local businesses**
- (5) ► **Street-level retail** – customer-focused
- (5) ► **Walking connectivity/greenspace**
- (4) ► Riverfront potential/connections
- (3) ► Greater mass of dining – outdoor
- (3) ► Revitalize Galleria
- (3) ► Design standards – with public investment
- (2) ► Less sterile appearance
- (2) ► Second floor conversions
- (2) ► Festivals/Farmer’s Market
- (2) ► Complete civic/events center – better utilize
 - Public meeting space
 - Cultural focal point
 - Capitalize upon creativity within community
 - Artwork
 - Incentives for unique businesses
 - Grocery (natural foods)
 - Start-ups - connect to lower rent real estate
 - Discount shopping
 - Attract university
 - Bio-science center/incubator
 - Time Square – type project with housing
 - Downtown as neighborhood
 - Wayfinding system
 - Improve skywalk – complete it
 - More parking
 - Transportation planning – long term
 - Clear vision and implementation
 - Public/private investment guidelines
 - Regulatory relief
 - Marketing
 - Keep downtown open after 5:00 p.m.
 - More Fun

VI. Community Attitudes Survey

As part of the Rochester Market-Based Downtown Plan, a direct mail survey was distributed to 5,000 Rochester households as an insert in the February and March municipal utility bill. Surveys were widely distributed to households throughout the City's four major zip codes in random billing routes. 1,809 surveys were returned, representing a return rate of 36.2%.

Profile of Survey Respondents: Survey respondents were generally female (68%) residing in Rochester's zip codes south of Center Street (72%), and have been residents of Rochester for six years or more (78%). Survey respondents represent an older demographic than the community at-large, with 48% of the responses from persons age 50 and older while the 2000 census finds 33.6% of the city in this age group. 59% of the respondents had households with children.

PROFILE OF SURVEY RESPONDENTS	All Respondents (%)
Length of Residence in Rochester	
Less than one year	4
One to five years	17
Six to 10 years	10
More than 10 years	68
Gender: <i>Female</i>	68
Age	
18 to 24 years	4
25 to 34 years	18
35 to 49 years	30
50 to 69 years	33
More than 69 years	15
Location of Residence	
Zip Code 55901	20
Zip Code 55902	35
Zip Code 55904	37
Zip Code 55906	8

Frequency of Visits to Downtown: Respondents were asked how often they visit downtown, and if they work downtown, how often they visit downtown in addition to work. 36% of respondents indicated that they work in downtown Rochester.

77% of respondents indicated that they visit downtown once a month or more and 34% visit downtown once a week or more. Only 6% indicated that they visit downtown once a year or less. This frequency of visitation suggests that downtown is relevant and familiar to the respondents of the survey.

Frequency of Visits to Downtown	All Respondents (%)
Once a week or more	34
About twice a month	21
About once a month	22
About four times per year	16
About once per year	4
Never	2

Reasons for Visiting Downtown: Top downtown attractions are restaurants and/or bars (68%), Mayo Clinic (63%) and the library (42%).

Reasons for Visiting Downtown	All Respondents (%)
Restaurants and/or bars	68
Mayo Clinic	63
Library	42
Shopping	32
Cultural events (music, art, theater, etc.)	31
Personal business (i.e. hairdresser, bank)	28
Farmer's Market	25
City/County business	22
Church	11
Other medical or dental care	9
Other	9

Of nearly 160 “Other” open-ended responses, those with repeat frequency included Cultural Center events, the Barnes & Noble bookstore, the YMCA and volunteering at Mayo.

Reasons for Avoiding Downtown: Respondents cite limited and costly parking as the top reason for avoiding downtown (69%). Also important are a lack of diverse retail (45%), traffic/congestion (29%) and lack of restaurant options (25%). Downtown is considered safe, with only 6% registering concerns about safety.

Reasons for Avoiding Downtown	All Respondents (%)
Limited/costly parking	69
Lack of diverse retail	45
Traffic/congestion	29
Lack of restaurant options	25
Lack of arts, culture, entertainment	23
Difficult to get around/find stuff	19
Generally unappealing environment	18
Other	15
Concerns about safety	6

Of nearly 275 open-ended “Other” responses for not visiting downtown, many reinforced the preceding issues, particularly parking and traffic. A notable theme in the “Other” category was a sense that there no central attraction to downtown, that it is “boring” and lacks activities – there is no compelling reason for respondents to visit it. Other responses include perceptions that store prices are expensive, lack of movie theaters and an aversion to parking in garages.

Other Business Districts Visited at Least Once a Month: 73% of the respondents visit the Apache Mall at least once a month. Other frequently visited retail destinations include the Wal-Mart South/Kohl's area (70%) and the Target Home Depot area (56%).

Other Business Districts Visited at Least Once a Month	All Respondents (%)
Apache Mall	73
Wal-Mart South/Kohl's area	70
Target/Home Depot area	56
Wal-Mart North	32
Miracle Mile	29
Twin Cities	17
Other	13

Of the approximately 235 "Other" open-ended responses, other shopping areas mentioned with frequency included K-Mart, Crossroads, TJ Maxx and Barlow Plaza.

Improvements That Would Encourage Visits to Downtown: More and diverse restaurants, more special events, live entertainment and movie theaters were the top improvements that would encourage respondents to visit downtown. Notably, 65% indicated that better information on what exists would also encourage visitation.

Improvements That Would Encourage Visits to Downtown	Yes, Would Encourage Me to Visit	May Encourage Me to Visit	No, Won't Encourage Me to Visit
More/different restaurants	25	53	22
Special events	14	61	25
Live entertainment	21	51	28
Movie theaters	24	47	29
Brand name stores	19	49	32
More welcoming atmosphere	17	48	35
Better information on what exists	17	48	35
Unique, one-of-a-kind stores	17	46	37
More arts and culture venues	17	43	40

Open-ended suggestions were sought for improvements in each of the preceding categories. More than 2,500 suggestions were provided, including the following with repeat frequency:

- **Types of restaurants:** Of nearly 400 suggestions, more than half were either "ethnic" or a specific foreign nationality, such as Mexican or Japanese (i.e. "sushi"). Other types with high frequency included "café" and "upscale". Sidewalk seating was also mentioned by several respondents.
- **Unique, one-of-a-kind stores:** Of more than 200 suggestions, frequently mentioned store types included clothing and arts/crafts/gifts.
- **Brand name stores:** Nordstrom's was mentioned most frequently from more than 250 suggestions for brand name stores.

- **More arts and culture venues:** Of nearly 200 suggestions, frequent responses included a variety of live music concerts, live theater and art shows.
- **Movie theaters:** Respondents were asked if they preferred first-run or independent films. From nearly 350 responses, first run was mentioned most often, although there was also strong response to independent. Many said “both” or “either”.
- **Live entertainment:** Of nearly 300 responses, live music night clubs and concerts were frequently mentioned for jazz, rock or country music. Comedy was also frequently mentioned.
- **Special events:** About 125 suggestions were provided for special events. A variety of music concerts were most frequently mentioned.
- **More welcoming atmosphere:** The predominate theme from more than 125 suggestions were ways to enliven and beautify downtown streets, including streetscaping, green space, sidewalk cafes, better lighting, making it easier to find parking and creating places “just to hang out”.
- **Better information on what exists:** Most of the 100 ideas focused on conventional advertising in radio, newspaper and television mediums.
- **Other:** Nearly 400 other open-ended responses provided a variety of improvement ideas, and many responses were more than a full page (or 200+ words) in length. A predominate theme is to improve parking and most responses provided details related to the preceding list or provided individual plans for improving downtown.

Survey Cross-Tabulations

Survey results were cross-tabulated to determine distinctions between the following groups of respondents:

- Persons who work or do not work in downtown;
- Persons who visit downtown for the Mayo Clinic versus all other reasons for visitation;
- Respondents by age.

Persons who work or do not work downtown: 36% of all survey respondents indicated that they work in downtown Rochester. The following differences were revealed between these two groups:

- Persons who work downtown have a higher frequency of visits to downtown for non-work purposes than those who don't work downtown. 38% of downtown workers visit once a week or more compared to 31% by non-workers.
- Respondents that work downtown are more inclined to visit for restaurants and shopping than those that don't work downtown. Non-workers have a higher frequency of visits to the Mayo Clinic than those that work downtown.
- Downtown workers are more inclined to avoid downtown due to a lack of activities, including restaurants, retail, arts, culture and entertainment. Non-workers are more inclined to avoid visitation due to parking, traffic and congestion.

- Downtown workers responded more favorably overall to improvements that would encourage more visitation. Top attractions that could increase visitation include more restaurants, special events and live entertainment.
- Downtown workers have generally lived in Rochester for a shorter period of time – 30% have lived in Rochester for 5 years or less, compared to 17% for non-downtown workers.
- Worker respondents are younger than non-workers – 66% are between the ages of 25 and 49, while 58% of non-downtown workers were over 50. Downtown worker respondents also tend to have children in their household (66%) versus non-downtown workers (54%).

Mayo visitation versus all other reasons for downtown visits: Key differences for these groups include:

- Respondents who come downtown for the Mayo Clinic tend to have a higher rate of weekly visitation (38% vs. 26%) but are similar to non-Clinic visitors in monthly visitation (78% vs. 75%).
- Respondents who visit for Mayo tend to be older (57% over 50) than those who visit for all other reasons combined (65% age 25 to 49).

Respondents by age: There are many interesting differences between the age groups that responded to the survey:

- Respondents with ages 18 to 49 are almost evenly divided between those who work and don't work downtown. A vast majority of respondents over 50 do not work downtown (71% of those age 50 to 69 and 96% of those over 69.)
- Downtown activities vary by age. Younger respondents (18 to 49) have higher frequencies of visitation for restaurants, the library and shopping. The 35 to 69 age group most frequents cultural events and the over 69 group has the highest rate of visitation for the Mayo Clinic. The top three activities for each age group follow:

Age Group	Top 3 Downtown Activities (% response within each age group)
18 to 24	1. Restaurants and/or bars (25%) 2. Mayo Clinic (18%) 3. Shopping/Library (tie @ 12%)
25 to 34	1. Restaurants and/or bars (25%) 2. Mayo Clinic (16%) 3. Library (13%)
35 to 49	1. Restaurants and/or bars (21%) 2. Library/Mayo Clinic (tie @ 15%) 4. Shopping (10%)
50 to 69	1. Restaurants/Mayo (tie @ 19%) 3. Cultural Events/Library (tie @ 11%)
Over 69	1. Mayo Clinic (26%) 2. Restaurants and/or bars (16%) 3. Personal Services (9%)

- Parking is the primary factor for avoiding downtown for all age groups, but is more intense with the youngest age group (34% of those 18 to 24) and oldest age group (31% of those over 69).
- Younger respondents (age 18 to 49) tend to avoid downtown because of a lack of activities – most notable differences as compared to older respondents are a lack of restaurant options and lack of arts, culture and entertainment.
- Older respondents (over 50) are more likely to frequent the Miracle Mile business district while younger respondents (under 34) are more likely to visit the Twin Cities. Use of other shopping destinations is relatively consistent among all age groups.
- Oldest respondents (over 69) and youngest (18 to 24) are the least receptive to any changes that would encourage them to visit downtown more often.
- Overall, the 25 to 34 age group is most receptive to improvements that would increase downtown visitation. This age group responds most favorably to seven of nine improvements listed within the survey, including more restaurants, unique shops, arts and culture venues, live entertainment, special events, a more welcoming atmosphere and better information on what exists.
- The 35 to 49 and 50 to 69 age groups are the next most receptive to improvements that would encourage them to visit downtown more often. Compared to other age groupings, key improvements to these groups are brand name stores and movie theaters.

Below is a chart of the three top improvements that would encourage downtown visitation among each age group:

Age Group	Top Three Improvements to Encourage Downtown Visitation (% that would or may encourage visitation)
18 to 24	1. More restaurants (84%) 2. Live entertainment (78%) 3. Special events (77%)
25 to 34	1. More restaurants (90%) 2. Special events (85%) 3. Live entertainment (83%)
35 to 49	1. More restaurants (83%) 2. Live entertainment (78%) 3. Special events (78%)
50 to 69	1. Movie theaters (74%) 2. More restaurants (72%) 3. Special events (71%)
Over 69	1. Movie theaters (60%) 2. Brand name stores (56%) 3. Special events (55%)

- In the 18 to 24 age group, 65% responded that more arts and culture venues would not encourage visitation, while 69% of the 25 to 34 age group responded that these venues would encourage visitation.

- Among survey respondents, younger age groups have lived in Rochester for shorter periods of time:
 - 72% of the 18 to 24 age group have lived in Rochester less than five years
 - 56% of the 25 to 34 group have lived in Rochester one to ten years
 - 66% of the 35 to 49 group have lived in Rochester more than ten years
 - 85% of respondents 50 and older have lived in Rochester more than ten years

- Those under 24 and over 50 have less children in their households:
 - 68% of the 18 to 24 age group have no children in their household
 - 68% of the 25 to 34 group have children in their household
 - 80% of the 35 to 49 group have children in their household
 - 72% of the 50 to 69 group have no children in their household
 - 97% of the over 69 group have no children in their household

VII. Conclusions: Downtown Rochester and the Marketplace in 2004

Based upon the findings from the competitive analysis, which includes the preceding economic profile, community attitudes survey, interviews and roundtables, the following notable conclusions can be drawn about downtown and its position in the Rochester marketplace in 2004:

- 1. The eyes of Rochester are focused on its Downtown.**

Considerable community interest in downtown is evidenced by several factors, including intense media coverage, the 36+% response to the community attitudes survey, participation in the downtown planning process by civic leaders and elected officials and dozens of citizen email chats with the consultant team. Many communities struggle to elevate downtown on the local agenda, but in Rochester, downtown is on the center of the civic radar screen.
- 2. Rochester understands the importance of a vital downtown.**

Civic leaders, from the Chamber of Commerce to City government and the Mayo Clinic, all understand that a vital downtown is key to the economic vitality of the entire region. To compete for young, highly skilled employees, communities must offer inviting downtown business districts with cultural, entertainment and living opportunities.
- 3. Downtown has access to several existing robust local markets.**

Downtown is immediately accessible to over 30,000 employees that work there and more than 26,000 persons that live in adjoining neighborhoods. In addition, the draw of the Mayo Clinic generates the demand for more than one million hotel rooms each year. Other downtown destinations, including the library, the YMCA and the events center, drive hundreds of thousands of visits each year.
- 4. Overall, Rochester retail is bland and one dimensional.**

With “big box” shopping complexes to the south and north, Rochester appears saturated in the discount retail segment. The Apache Mall services the mid-price niche. Rochester lacks a concentration of distinctive one-of-a-kind retail stores in the mid and upper price categories – creating a strong niche opportunity for downtown.
- 5. Providing a unique, vibrant “urban experience” is a differential advantage for downtown.**

Downtown can fill the community’s gap for a unique, vibrant “urban experience” that is often found in other great cities. Based upon the community attitudes survey, Rochester’s 25 to 49 age demographic is most predisposed to visiting downtown. This segment seeks an “urban experience” that builds upon downtown’s existing strengths by adding more restaurants, live entertainment and special events. In addition, downtown can become a place to live for a younger population seeking a more stimulating, pedestrian-oriented urban lifestyle.
- 6. Downtown’s existing infrastructure can accommodate additional night and weekend activities.**

While traffic and parking are challenging during the day, there is an ample supply of parking and little congestion on nights and weekends. Activities most sought by the 25 to 49 age group, more restaurants, live entertainment and special events, can be accommodated immediately by downtown’s existing infrastructure during nights and weekends. In addition, the existing parking infrastructure may also be able to support new residential development that generally has a greater demand for parking during off-peak times.

- 7. Downtown must reclaim its street appeal and sense of place.**
Downtown’s efficient tunnel and skywalk system has damaged Rochester’s street appeal and overall sense of place. In many locations, active uses have left the street, replaced by offices, glass and blank walls. To regain its street appeal, downtown must create gathering places linked by logical pedestrian corridors. Connections to downtown’s natural assets, including the Zumbro River and civic center green spaces, must be established.
- 8. Downtown needs a stronger private/public champion.**
To improve the downtown business climate and capitalize on suggested improvements to the public realm, a stronger private/public organization is required to properly market, maintain and manage the downtown environment. Many comparable downtowns benefit from well capitalized management organizations that produce special events, promote existing businesses, attract new investment and champion downtown’s critical role as the economic engine of the city.
- 9. The timing is right to make downtown attractive, inviting, fun and livable.**
Fortunately, Rochester does not have to clear out downtown and start over – most of the raw materials for revitalization are in place. Downtown is blessed by a strong employment base, attractive natural assets and a core group of successful unique retailers and restaurants. Most importantly, Rochester has the civic will to make things happen.